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UNCLAS SECTION 01 OF 02 BERLIN 000283

SENSITIVE

SIPDIS
STATE FOR PM/DTCC - BLUE LANTERN COORDINATOR (MAZZARELLI)
STATE FOR EUR/CE PETER SCHROEDER

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [SF](#) [GM](#)
SUBJECT: BLUE LANTERN REPONSE LICENSE 050115687: ASC SITE
VISIT

REF: A. BERLIN 0067
[1](#)B. STATE 123126

[1](#)1. (SBU) As a follow-up to Ref A, EconOff conducted a site visit to Advanced Sensors Calibration (ASC) GmbH. Based on this site visit, we assess that ASC is a reliable handler of United States Munitions List (USML) items. On March 3, EconOff met with ASC GmbH CEO Peter Bay at ASC's headquarters, received a tour of all of ASC's facilities, and obtained a comprehensive understanding of how ASC handles USML items.

ABOUT ASC

[1](#)2. (SBU) ASC is a small enterprise of 4-6 employees that specializes in the packaging/calibration of domestically produced accelerometers for the German auto industry and is an authorized European distributor of high end Honeywell accelerometers (mainly the QA3000 line). ASC is run by a husband and wife duo (Peter Bay - CEO, Renate Bay - Marketing Director) with an annual turnover of roughly 1 million euro per year.

ASC'S HANDLING OF USML ITEMS

[1](#)3. (SBU) The only USML items that ASC receives are Honeywell accelerometers with a transaction frequency of a handful of orders per year. Bay emphasized that ASC is only a distributor of these accelerometers and that his company does not perform any kind of work (calibration/repair) requiring direct access to the items. Normally, ASC simply ships these items to the end-user the same day ASC receives them. Bay explained that in the case that items cannot be shipped the same day, they are stored overnight on a shelf in Peter Bay's locked office and shipped the next day.

[1](#)4. (SBU) EconOff recommended an additional layer of security for overnight storage of USML items. Bay agreed to store these items in his personal safe (4.5' x 2.5' x 2.5') in the future for overnight storage. EconOff assesses that this safe is of a sufficient size and weight such that it could not be easily removed in the event of a robbery.

PRIOR CASES WHERE HONEYWELL DENIED ASC ORDERS FOR USML ITEMS

[1](#)5. (SBU) Bay explained the due to ASC's small staff size, they do not have sufficient resources to perform in-depth checks on their customers requesting Honeywell accelerometers. For this reason, Bay said that his company relies heavily on their contact at Honeywell, Rich Johnson, to provide ASC with the proper guidance. Bay recalled two examples where Honeywell was not able to obtain the necessary

USG export control permit for ASC customers. In the first example, a Swiss customer requested Honeywell accelerometers for use in a centrifuge design. Bay said that Honeywell elected to deny the order outright and cited that the order size (about 7,000 euro) was not worth the effort that would be required to obtain the DTCC approval. The second case involved a Russian customer requesting Honeywell accelerometers for downward drilling machines.

FRUSTRATION WITH LONG LEAD TIMES FOR DTCC PERMITS

16. (SBU) Bay said that his customers requesting Honeywell products are frequently frustrated with how much time it takes to get DTCC export approval and that his company would welcome greater transparency into the DTCC export permit process. As an example, Bay cited a recent order from Carl Zeiss Optronics GmbH (BL 050115687) that also involved firms from Sweden, Israel, and South Africa valued at over 50,000 euro. Bay said that although ASC did eventually receive the DTCC approval, it took over year and Carl Zeiss was blaming ASC for the delays. Bay's concern is the potential loss of future business resultant from DTCC approval delays.

COMMENT

17. (SBU) Bay appeared sincere with his company's commitment to adhere to and respect restrictions placed on USML items. This was evident in Bay's immediate receptiveness to improving security regarding storage of USML items overnight and interest in learning more about the DTCC export controls process. Although USML items represent only a small portion of ASC's transactions, they are an important element to ASC's

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profitability. For this reason, Bay places importance on adherence to DTCC rules in order to avoid compromising his company's ability to distribute of Honeywell accelerometers. Koenig